

REPORT OF THE AUDIT COMMITTEE – TOWN OF KENSINGTON

The primary role of the Audit Committee is to assist the Mayor and the Council in the oversight of the Town of Kensington's accounting and financial reporting process and to interact directly with, and evaluate, the performance of the Town's independent auditors.

The Audit Committee has reviewed the Town's audited financial statements for the year ended June 30, 2010, and has met with both the Mayor and the Town's independent auditors, Linton Shafer, Warfield & Garrett, PA (LSWG). The Audit Committee has discussed with both the Mayor and LSWG the effectiveness of the Town's internal control over financial reporting.

The Audit Committee discussed with LSWG the overall plans for, and scope of, the audit. The Audit Committee met separately with Mr. McCathran of LSWG, without the Mayor present, to discuss the results of their examination, their evaluation of the Town's internal controls, and the overall quality of the Town's financial reporting.

Based on these reviews and discussions, the Audit Committee recommends to the Mayor and Council that the audited financial statements of the Town for the year ended June 30, 2010 be accepted as submitted.

Jeffery P. Capron
Leslie Olson
Kerry Thompson

January 11, 2011